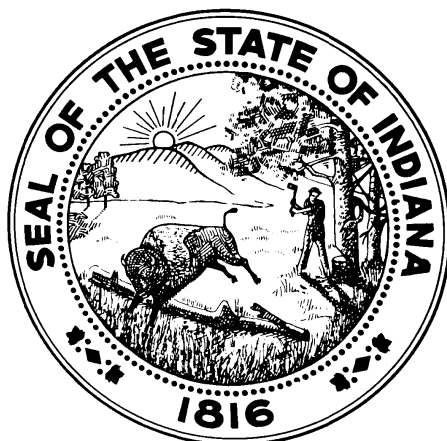


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
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REVIEW REPORT
OF

INDIANA PROTECTION AND
ADVOCACY SERVICES COMMISSION
STATE OF INDIANA

June 1, 2006 to March 31, 2008



FILED
07/10/2008

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Thomas Gallagher	07-01-05 to 06-30-08
Commission Chairperson	Kristie M. Carter Melanie Motsinger	07-01-04 to 06-30-08 07-01-08 to 06-30-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana Protection and Advocacy Services Commission for the period of June 1, 2006 to March 31, 2008. Indiana Protection and Advocacy Services Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Protection and Advocacy Services Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations, except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 20, 2008

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION
REVIEW COMMENTS
MARCH 31, 2008

INTERNAL CONTROL – CASH MANAGEMENT

We found that the agency had not drawn down federal funds to cover the disbursements of funds timely. As of May 12, 2008, \$1,678,754.94 in federal funds was available for draw.

The time between receipt and disbursement of federal funds should be minimal. Not drawing down the federal funds in a timely manner to cover the disbursements could result in a loss of interest revenue to the state.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

VEHICLE USAGE

The agency has one agency owned and two permanently assigned Motor Pool vehicles which are not being used in accordance with the requirements of Public Law 234-2007, section 24. For the period of April 2007 through April 2008, each of these vehicles were driven less than 12,000 miles.

Public Law 234-2007, section 24 states in part, that: ". . . the major portion of the duties assigned to the employee require travel on state business in excess of one thousand (1,000) miles each month, or that the vehicle is identified as an integral part of the job assignment."

DOCUMENT RETENTION

Supporting documentation for 9 out of 15 (60%) Report of Collections selected for our revenue review could not be located.

Due to the lack of documentation, the validity and accountability for some monies received could not be established.

Documents should be retained in accordance with a retention schedule approved by the Oversight Commission on Public Records. Also, documents must be filed in such a manner as to be readily retrievable or otherwise reasonably attainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 15)

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION
REVIEW COMMENTS
MARCH 31, 2008
(Continued)

SDO FUND RECONCILIATIONS

As stated in our prior Report B27434, the agency had not performed reconciliations of its Special Disbursing Officer (SDO) advance in a timely manner. In our current review, the agency had not performed the SDO advance and bank reconciliations since October 2007.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 7)

SDO ADVANCE

As stated in our prior Report B27434, the Special Disbursing Officer Fund (SDO) advance for the agency was not turned over, or reimbursed completely, for several months. We found the same issue in our current review.

If a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 7)

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2008, with Thomas Gallagher, Executive Director. The official response has been made a part of this report and may be found on pages 7 and 8.

MITCHELL E. DANIELS, JR.
GOVERNOR

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VICE CHAIRPERSON
HAMILTON CO

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HENDRICKS CO

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June 23, 2008

The following is our official response to the review of Indiana Protection and Advocacy Services Commission for the period June 1, 2006 to March 31, 2008:

Internal Control – Cash Management

Our accountant had been working for quite some time to balance the auditor's records of payments to the PeopleSoft system before drawing federal funds. Unfortunately this process was fraught with problems and it went on for an extended time. While the accountant knew we were in arrears to the AOS, she had never heard from the Auditor's office that this was a problem. We have instituted a practice of requiring a monthly statement from our accountant as to the AOS balance so that we can monitor that timely draws of federal grant funds are made.

Vehicle Usage

While business travel is an integral part of the job duties of all of our advocates and attorneys, we agree that the amount that the three vehicles were driven during the review period does not justify our keeping all three. As a result we will return commission # 388 to the department of administration.

Document Retention

The concern voiced pertained to the auditor's ability to match up reports of collection to specific receipts for checks received by the agency for either Human Rights Conference or QMRP-D training registrations. There was no indication of any funds having gone missing. A practice has been initiated to list receipt numbers on the report of collection form so that specific checks received can be tracked through the deposit.

SDO Fund Reconciliation

We were aware that we had not balanced the SDO register to the bank statements since Oct. 2007. This was due to a sequence of problems with PeopleSoft where

the official check register is maintained. Our access to view the check register had been taken away due to changes in PeopleSoft and when this problem was corrected we discovered that we had lost our ability to reconcile transactions. By the time that these problems were corrected significant time had passed. During this time we had used the SDO only very sparingly and were closely monitoring the bank statements. So while not officially balancing for this length of time is not desirable, it is not as neglectful as it might at first sound, given the reasons and the lack of use of the account. The problems with PeopleSoft have now been resolved and the account has been officially reconciled with the bank statement dated May 20, 2008.

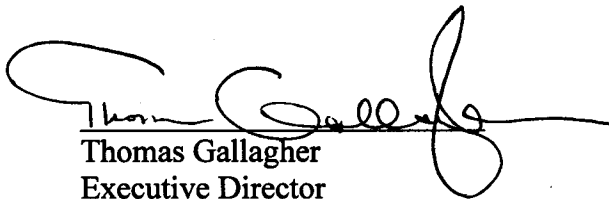
SDO Advance

Even before the audit had been completed we had submitted our request to the Department of Administration to reduce our SDO advance from \$7,000 to \$2,000. We are currently awaiting contact from the Auditor as to writing a check to reduce the SDO to this level. Once the procurement cards are implemented we will likely reduce the SDO further to \$500.

Conclusion

As usual we found the review to be helpful and conducted in a positive manner. In most instances where corrective actions were warranted, these were initiated even before the review had been completed.

Thank you for the opportunity to respond.



Thomas Gallagher
Executive Director